

## Message Text

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ACTION PM-05

INFO OCT-01 NEA-11 ISO-00 DODE-00 CIAE-00 INR-10  
NSAE-00 SS-15 NSC-05 SP-02 OMB-01 MCE-00 ARA-10  
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R 061615Z JUN 78  
FM AMEMBASSY TEL AVIV  
TO SECSTATE WASHDC 3482

C O N F I D E N T I A L TEL AVIV 7185

E.O. 11652: GDS  
SUBJECT: ISRAEL'S FOREIGN MILITARY SALES

1. ON FRIDAY, 2 JUNE, THE DATT ATTENDED A MEETING REQUESTED BY MR. "SHAPIC" SHAPIRO, DIRECTOR OF FOREIGN MILITARY SALES FOR ISRAEL. THE DISCUSSION COVERED THE FOLLOWING TOPICS:

A. AFTER REFERRING TO THE "SHAFTING" THAT ISRAEL RECEIVED ON THE KFIR SALE TO ECQUADOR, MR. SHAPIRO ASKED WHAT THE LIKELY OUTCOME WAS OF ISRAEL'S REQUEST TO SELL THE KFIR TO TAIWAN. DATT DEFENDED US FOREIGN POLICY ON RESTRICTING THE SALE OF SOPHISTICATED WEAPONS TO SOUTH AMERICA AND COUNTERED WITH A QUERY IF IN FACT TAWIAN WAS SERIOUS OR SINCERE IN THEIR INDICATION OF INTEREST TO BUY THE KFIR. MR. SHAPIRO STATED THAT CONTRARY TO PUBLISHED REPORTS ISRAEL HAD A FIRM REQUEST AND HAD THAT REQUEST IN WRITING.

B. MR. SHAPIRO SAID THAT AT A RECENT MEETING BETWEEN THEIR AIR ATTACHE IN WASHINGTON AND PERSONS STATIONED AT WRIGHT-PATTERSON AFB, THEY HAD BEEN INFORMED THAT A NEW US POLICY WAS TO PURCHASE MAJOR MAINTENANCE OF US AIRCRAFT STATIONED ABROAD (PARTICULARLY IN EUROPE) AT FACILITIES IN THOSE COUNTRIES. SUCH CONTRACTS WERE TO BE NEGOTIATED BY THE OVERSEAS COMMANDS AND INFORMATION THAT WOULD ENABLE COUNTRIES

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INTERESTED TO PARTICIPATE IN SUCH PROGRAMS SHOULD BE AVIALABLE THROUGH THE OFFICE OF THE DATT. THE DATT ADVISED THAT HE HAD NO SUCH INFORMATION BUT THAT WOULD MAKE EVERY EFFORT TO FIND OUT.

C. MR. SHAPIRO ALSO ADVISED THAT YOSI CIECHANOVER, THE DIRECTOR OF THE ISRAELI NEW YORK PURCHASING MISSION, HAS, OR SHORTLY WOULD CONTACT

MR. GELB IN THE STATE DEPARTMENT ON THE POSSIBILITY OF SELLING A-4E'S CURRENTLY HELD BY ISRAEL. IT APPEARS THAT THERE IS A TRIANGULAR RELATIONSHIP BETWEEN MCDONNELL DOUGLAS WHICH HAS PROSPECTIVE CUSTOMERS AND ISRAEL WHICH WOULD LIKE TO SELL THESE AIRCRAFT. INCLUDED IN THE DEAL WAS THE POSSIBILITY THAT ISRAEL MIGHT BE INVOLVED IN THE REWORK OR OVERHAUL OF THESE AIRCRAFT AS PART OF THE PACKAGE. NO MORE INFORMATION AS TO SPECIFIC CUSTOMERS OR NUMBERS WAS PROVIDED.

D. MR. SHAPIRO ARTICULATED ISRAEL'S IRRITATION AT BEING DENIED THE OPPORTUNITY TO SELL A RANGING RADAR TO ARGENTINA. THE REASON THE REQUEST WAS MADE AND SUBSEQUENTLY DENIED WAS THAT IT INCLUDED A TW/2 TUBE WHICH ISRAEL PRODUCES UNDER US LICENSE. MR. SHAPIRO SIGHTED THIS REFUSAL AS BEING A NUISANCE AND EXTREMELY IRRITATING.

E. FINALLY, IN JUSTIFYING ISRAEL'S EFFORTS TO EXPORT MILITARY ARMS, MR. SHAPIRO INDICATED THAT LAST YEAR THEIR FOREIGN MILITARY SALES HAD AMOUNTED TO \$430 MILLION. HE ELABORATED THAT THIS REPRESENTED THE TOTAL DOLLAR SALES, BUT THAT ACTUAL INCOME IS FAR LOWER, BECAUSE MANY OF THE COMPONENTS IN THESE SALES WERE PURCHASED ABROAD.

2. REQUEST FOR ACTION: IN THESE TIMES OF SOMEWHAT  
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STRAINED RELATIONS BETWEEN THE UNITED STATES AND ISRAEL, IT WOULD BE EXTREMELY HELPFUL TO BE INFORMED OF CURRENT STATUS OF THESE ACTIONS INCLUDING SUPPORTING RATIONALE FOR US DECISIONS WHERE APPROPRIATE. ALSO NEED INFORMATION THAT WE CAN USE IN RESPONSE TO THIS COMBINATION OF GOI QUERY AND COMPLAINT.  
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